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HOURLY PAY AND THE MINIMUM WAGE

*In Nonagricultural Industries
California, 1999*

This paper presents estimates of the number of California wage and salary workers who earned at or below the minimum wage in 1999. Wages for hourly workers are measured using the hourly pay rate. Although it is known to be less precise, wages are also measured by imputed average hourly earnings. This measure is used to examine the effect of non-wage earnings on hourly workers and to extend the estimate of low-wage workers to those Californians not paid by the hour. Demographic and economic characteristics of low-wage workers and the jobs they hold are also presented.

The data in this report are subject to definitions and sampling error, which are presented in the "Data Notes" on page 11.

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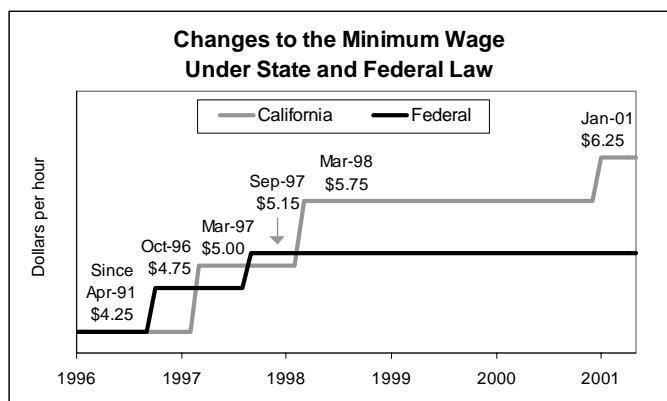
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THE CURRENT MINIMUM WAGE IS \$6.25 PER HOUR.

The current minimum wage in California is \$6.25 per hour.¹ This level was set under state law by action of the California Industrial Welfare Commission. The Commission's wage order, which took effect January 1, 2001, increased the state minimum wage from the \$5.75-level set by passage of Proposition 210 in the November 1996 elections.

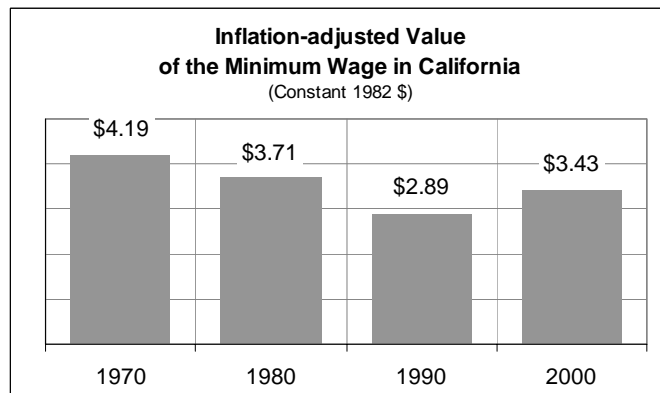
The federal minimum wage is currently \$5.15 per hour. Congress raised the federal minimum to that level from \$4.25 per hour in two increments that took effect in October 1996 and September 1997.

As a net result, the effective minimum wage in California rose five times in the past five years, for a total increase of \$2 per hour. These changes are depicted below. In comparison, the rate had been adjusted just 15 times in the previous 41 years.



The minimum wage had fallen well behind price increases in the 1970s and 1980s. As a result, the inflation-adjusted value of the minimum wage declined until 1995, and even today remains below the comparable value of the minimum wage in 1970. With recent changes, however, the minimum wage has more than kept pace with inflation. From

September 1996 to January 2001, the minimum wage rose 47 percent while consumer prices rose 12 percent.²



As of January 2001, all but seven states had state laws establishing a minimum wage for at least nonsupervisory, nonfarm workers.³ However, only California and nine small to medium sized states had established a state minimum wage higher than the federal level.⁴ As shown below, state-mandated levels in these states range from \$5.25 to \$6.75 per hour.

States With Minimum Wages Above the Federal Level As of January 1, 2001	
Minimum Wage	States
\$5.25	Hawaii
\$5.65	Alaska
\$5.75	Vermont
\$6.15	Delaware, Rhode Island
\$6.25	California
\$6.40	Connecticut
\$6.50	Oregon
\$6.72	Washington
\$6.75	Massachusetts

Source: U.S. Department of Labor

² Source: California Department of Industrial Relations, California Consumer Price Index, Urban Wage Earners and Clerical Workers.

³ Source: U.S. Department of Labor, Employment Standards Administration, "Minimum Wage and Overtime Premium Pay Standards Applicable to Nonsupervisory, Nonfarm, Private Sector Employment Under State and Federal Laws, January 1, 2001."

⁴ Four of these states had 1.6 to 3.2 million nonfarm payroll jobs in 1999, while the other five states had fewer than 600,000 nonfarm jobs. This compares to California with 14.0 million nonfarm jobs.

¹ Hourly wages in California are governed by state and federal minimum wage statutes. When the minimum wage set by state and federal laws differ – as has been the case since October 1996 – the effective minimum rate is whichever is higher. Occasionally, minimum wages are also established in local ordinances. These local ordinances are not considered in this paper.

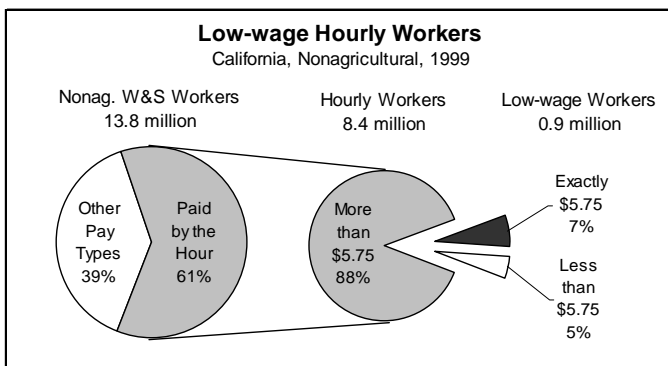
NEARLY 1 MILLION OF CALIFORNIA'S HOURLY WORKERS WERE PAID THE MINIMUM WAGE OR LESS IN 1999.

The wage distribution of California wage and salary workers can be estimated from data collected in the Current Population Survey (CPS), a monthly household survey conducted nationally by the U.S. Bureau of Census. One-quarter of the CPS sample households each month is asked questions about earnings. These questions result in two different measures of hourly wages.

The most straightforward measure of wages – and the one believed to be the most accurate – comes from data on the earnings of workers who report that they are paid an hourly rate. These CPS respondents are simply asked: "How much do [you] earn per hour?"

In 1999, of the 13.8 million nonagricultural wage and salary workers in California, 8.4 million, or 61 percent, were paid on an hourly basis. Among these workers, 946,000 (11 percent) were paid \$5.75 per hour – the minimum wage in 1999 – or less.

More specifically, 566,000 workers were paid exactly \$5.75 per hour, while 380,000 workers were paid less than that amount. These low-wage workers comprised 7 and 5 percent of hourly workers, respectively.⁵



The large number of workers receiving less than minimum wages does not indicate widespread violations of minimum wage laws because of numerous exemptions to minimum

wage provisions. For example, the CPS counts the employment and wages of informal babysitting and workers in their own family-owned business.

The above estimates are based solely on the hourly pay rate. To the extent that other forms of remuneration – such as overtime, commissions and tips – supplement the hourly pay rate, the estimated number of minimum wage workers would be overstated.

Data for 1999 indicate that non-wage remuneration had little effect on the earnings of the low-wage worker. Just 6 percent of hourly workers with a stated hourly pay rate of \$5.75 or less had sufficient non-wage remuneration to lift their average hourly earnings above the minimum wage.

ANOTHER 245,000 WORKERS NOT PAID BY THE HOUR EARNED AT OR BELOW THE MINIMUM WAGE.

The above estimates included only hourly-paid workers. Yet, other workers – such as those paid weekly or monthly salaries, a daily rate, or some other pay plan – may have earnings that, when viewed on an hourly basis, are also at or below the minimum wage level.

Imputed average hourly earnings can be used to develop a count of low-wage workers among those not paid hourly.⁶ This measure is derived by dividing responses to a CPS question on usual weekly earnings by the responses to a question on usual weekly hours.^{7, 8}

⁶ Only hourly workers are asked about an hourly pay rate.

⁷ This technique for imputing an hourly earnings figure has been used elsewhere. See "Estimating the number of minimum wage workers," U.S. Bureau of Labor Statistics (BLS), *Monthly Labor Review*, January 1990.

The CPS questions are as follows:

25A. How many hours per week does [that individual] USUALLY work in this job?

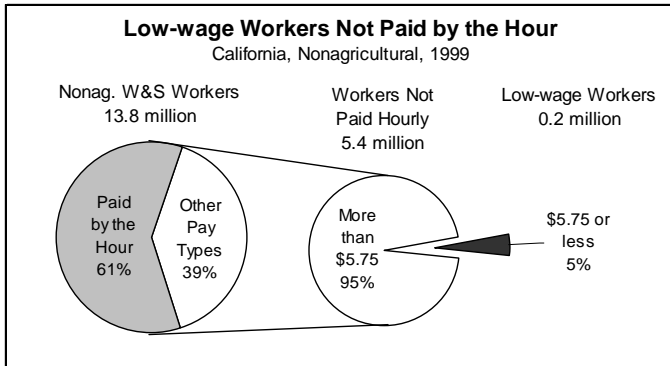
25D. How much does [that individual] USUALLY earn per week at this job BEFORE deductions? Include any overtime pay, commissions, or tips usually received.

If usual weekly hours were missing in the earnings fields, the usual weekly hours (main job) in the basic labor force fields was used, if available.

⁸ Readers must be cautioned that this measure is much less precise than the stated hourly pay rate because it is based on

⁵ The sum of individual items will not always equal totals given due to independent rounding of total and components.

In 1999, of the 13.8 million nonagricultural wage and salary workers employed in California, 5.4 million were not paid by the hour. Of those, 245,000 persons earned the prevailing minimum wage of \$5.75 per hour or less. That is 5 percent of workers not paid hourly, or 2 percent of all wage and salary employment.



Combining low-wage workers not paid hourly with low-wage hourly workers (counted using average hourly earnings, for comparability),⁹ California had a total 1.1 million workers with average hourly earnings of \$5.75 or less in 1999.

THE NUMBER AND SHARE OF LOW-WAGE WORKERS HAVE DROPPED SINCE 1995.

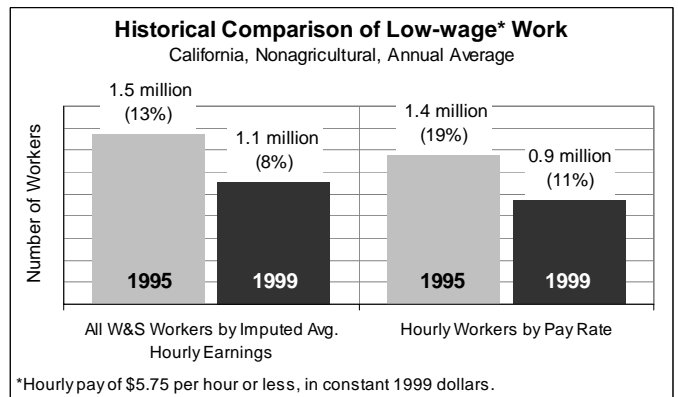
In 1999, there were 1.1 million wage and salary workers who earned \$5.75 per hour or less, 8 percent of all wage and salary workers. Taking inflation into account (using constant 1999 dollars), the equivalent wage in 1995 would have been \$5.29 per hour or less. There were 1.5 million wage and salary workers earning that equivalent wage in 1995, 13 percent of all such workers.

responses to two questions, each of which is subject to incorrect reporting or rounding by respondents. This caveat has particular importance when imputed earnings are compared to some precise level, such as the comparison this paper makes to the minimum wage.

⁹ Because average hourly earnings includes more than the straight wage rate, there were fewer low-wage hourly workers when counted by that measure (866,000) than when counted by the stated wage (946,000). However, the inaccuracy of the hourly earnings data is illustrated by the fact that the number of hourly workers whose imputed average hourly earnings were below \$5.75 per hour (454,000) was more than the number whose stated wage was less than \$5.75 (380,000). These data are shown in detail in the first table on page 8.

Consequently, there were 0.4 million fewer workers earning \$5.75 per hour or less in 1999 than earned the constant-dollar equivalent in 1995. This was a drop in share of 5 percentage points.

There was a similar decline in the occurrence of low-wage work among hourly workers.



These declines in low-wage workers suggest that many workers have benefited from the growing economy and the effects of minimum wage increases.

SCHEDULED INCREASES TO THE MINIMUM WAGE WILL AFFECT A SUBSTANTIAL NUMBER OF CALIFORNIA WORKERS.

In October 2000, the California Industrial Welfare Commission voted to raise the state minimum wage a total of \$1. The minimum wage was reset from \$5.75 per hour to \$6.25 per hour as of January 1, 2001 and will rise to \$6.75 per hour as of January 1, 2002.

These increases are likely to affect a large number of workers. In 1999, 2 million hourly workers (23 percent of all such workers) earned less than \$6.75 and may have their wages affected by the increase in the state minimum to that level. Historical experience shows workers earning wages in proximity to the new minimum, including those not directly subject to minimum wage laws, may also have their wages affected as a consequence of competitive market pressures. The table and charts on page 8 show the number and share

of workers for other increments in hourly wages.¹⁰

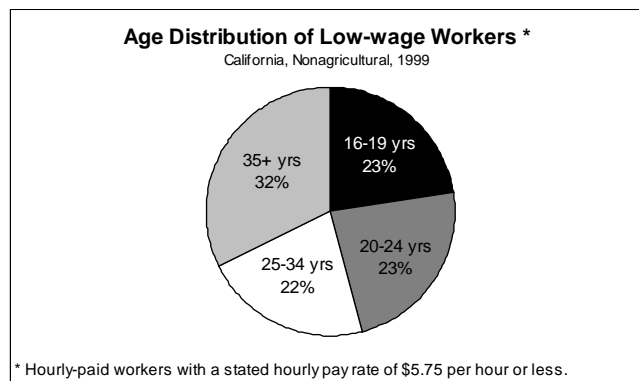
Changes to the state minimum wage will have effects beyond the employment arrangements for low-wage workers. The minimum wage is used to set threshold levels in the administration of various programs (such as welfare reform) and for work rules (such as overtime pay provisions).

The remainder of this paper describes the demographic and economic characteristics of low-wage workers in California.

AGE AND EDUCATION ARE THE MOST DIFFERENTIATING DEMOGRAPHIC CHARACTERISTICS.

Who are California's low-wage workers? Statistics on hourly-paid workers in 1999 show they are young and have low education attainment.¹¹ By other demographic characteristics, low-wage workers are more like workers overall.

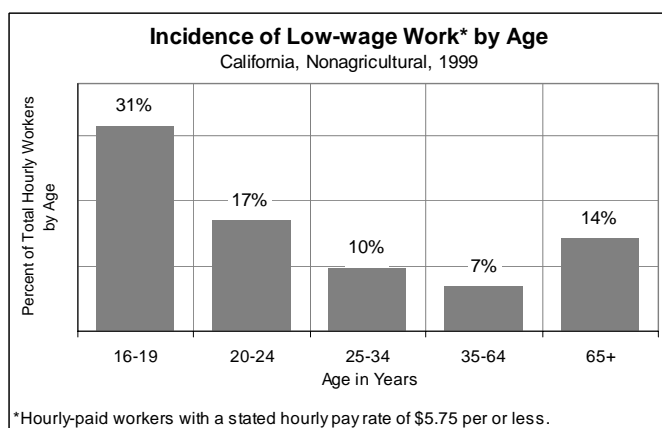
As illustrated in the next chart, nearly one quarter of California's low-wage workers in 1999 were under 20 years of age; nearly one-half were under 25; over two-thirds were under 35.



¹⁰ Data shown in the charts on page 8 are "equal to or less than" a given dollar figure. The number of workers whose wages may be affected by a minimum wage increase are those earning "less than" that new wage, which is shown in the second table on page 8.

¹¹ Differences in the demographic characteristics of hourly-paid low-wage workers and low-wage workers under the broader, imputed hourly earnings measure applied to all wage and salary workers are not statistically significant.

The effect of age is further evidenced by the incidence of low-wage work,¹² which declines sharply in the first decade of working life. In 1999, 31 percent of California hourly workers 16 to 19 years old were paid at or below \$5.75 per hour. Workers in this age group were three times more likely to be low-wage workers than were workers 25 to 34 years old. Between the ages of 35 to 64 the incidence of low-wage work changes very little, averaging 7 percent. The incidence of low-wage work among older workers, 65 years and older, was 14 percent, double the rate of the 35 to 64 year-old age group.



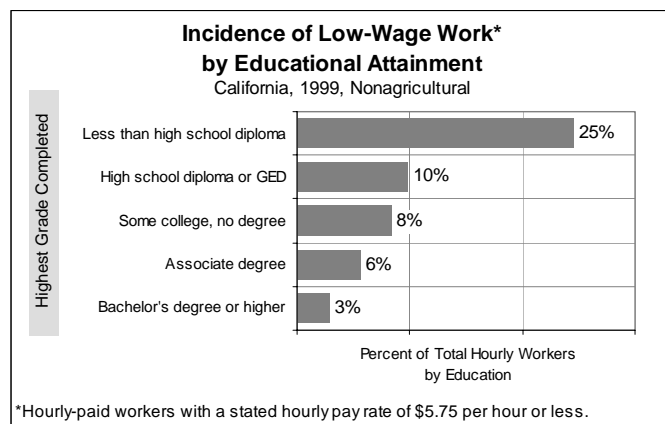
Nearly half (47 percent) of all low-wage workers in 1999, had neither a high school diploma nor GED. One-quarter (26 percent) were high school graduates or had a GED, but had not attended any college. In contrast, college graduates accounted for just 8 percent of low-wage workers in California in 1999.¹³

The incidence of low-wage work by educational attainment underscores that education pays. A quarter of Californians whose highest grade completed was 12th grade or lower were paid at or below \$5.75 per

¹² The incidence of low-wage work is the number of hourly-paid workers in a demographic group with a stated pay rate of \$5.75 per hour or less divided by the total number of hourly-paid workers in the group. Differences in the incidence of low-wage work for hourly-paid workers and for all workers using imputed hourly earnings are statistically significant, but very small. Generally, the incidence of low-wage work among hourly workers is 1 to 3 percentage points higher than the incidence among all workers.

¹³ The distribution of adult low-wage workers (those 20 years and older) by educational attainment is similar to that stated for all low-wage workers.

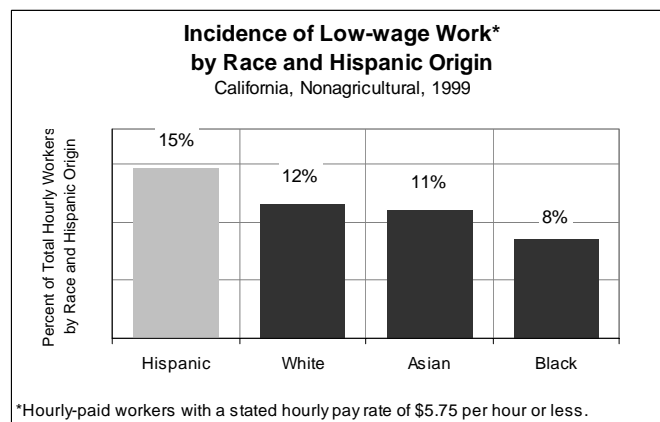
hour. In comparison, workers who had received a diploma or earned their GED were half as likely to be working for the minimum wage or less.



Young workers and those with lower educational attainment are also more likely to be in jobs that pay by the hour than are other workers thereby increasing the incidence of low-wage work as a percentage of wage and salary employment.

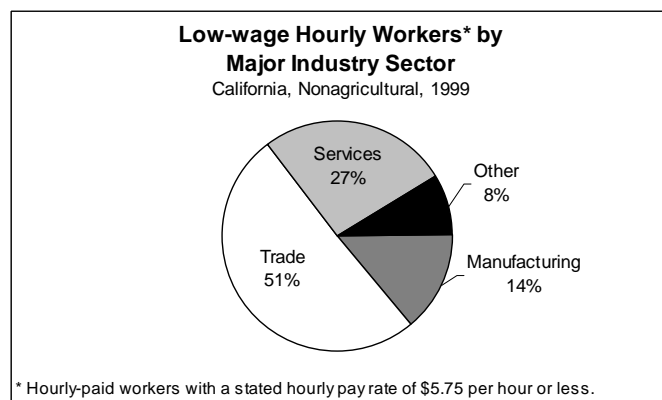
While men slightly outnumber women among all wage and salary workers (7.4 and 6.4 million, respectively) and among hourly workers (4.4 and 3.9 million, respectively), women slightly outnumber men among low-wage hourly workers (518,000 and 428,000, respectively).

By ethnicity, almost half of California low-wage hourly workers in 1999 were of Hispanic origin (45 percent). By race,¹⁴ the largest share were White (82 percent), followed by Asian or Pacific Islander (11 percent) and Blacks (5 percent). Nevertheless, the incidence of low-wage work varies relatively little by race and ethnicity, as shown in the chart above right. About 15 percent of Hispanics, 12 percent of Whites, 11 percent of Asians, and 8 percent of Blacks who were hourly workers worked for the minimum wage or less in 1999.



TRADE AND SERVICES DOMINATE EMPLOYMENT OF LOW-WAGE WORKERS.

Just two industry sectors, trade and services, employed 78 percent of low-wage hourly workers in California in 1999. The trade sector employed 51 percent and the services sector employed 27 percent. The next largest employer was manufacturing which accounted for 14 percent of low-wage hourly workers in 1999. Nondurable goods manufacturing alone accounted for 10 percent of all low-wage workers economy wide.



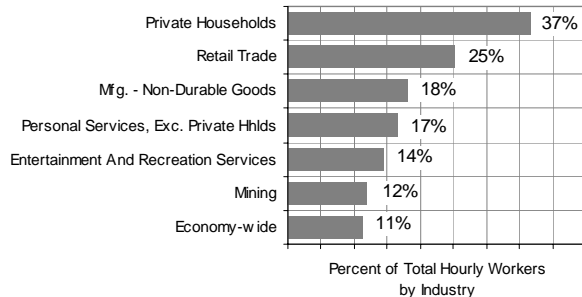
The chart atop the following page depicts the industry groups with a higher incidence of low-wage work than the economy-wide average of 11 percent. The highest incidence occurred in private household employment where 37 percent of all hourly workers were paid at or below \$5.75 per hour.

In retail trade industries, the receipt of tips (particularly eating and drinking establishments) and commissions (such as in auto dealerships) are important sources of pay. As a

¹⁴ Race groups are not Hispanic exclusive.

Industries with the Highest Incidence of Low-Wage Work*

California, Nonagricultural, 1999



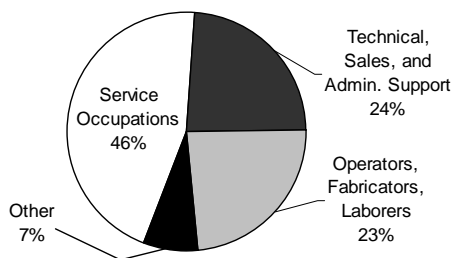
* Hourly-paid workers with a stated hourly pay rate of \$5.75 per hour or less.

result, the incidence of low-wage work changes significantly when the broader, imputed average hourly earnings statistics are examined. The incidence of low-wage work in retail trade drops from 25 percent excluding overtime, commissions and tips to 17 percent including those items.

By occupation, the largest group of low-wage workers in California in 1999 was in service occupations (46 percent), followed by technical, sales, and administrative support positions (24 percent) and operators, fabricators and laborers (23 percent).

Low-wage Hourly Workers* by Major Occupational Categories

California, Nonagricultural, 1999



* Hourly-paid workers with a stated hourly pay rate of \$5.75 per hour or less.

The highest incidence of low-wage work by occupation was in service occupations (28 percent) and operators, fabricators, and

laborers (14 percent). In contrast, only 2 percent of hourly workers in managerial and professional specialty occupations and in precision production, craft and repair occupations were paid the minimum wage or less.

MOST LOW-WAGE WORKERS HOLD ONLY ONE JOB AND THEY LARGELY WORK FULL-TIME.

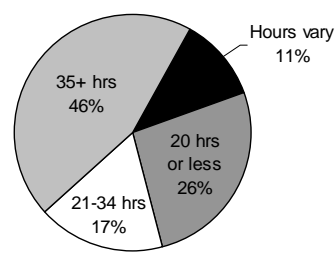
Five percent of low-wage workers in 1999 held more than one job, the same share as among all hourly workers, and the same as among all nonagricultural wage and salary workers in California.

In their low-wage job, the largest group of these workers, 46 percent, usually work full-time (defined as 35 hours a week or more). Another 43 percent usually work part-time (17 percent working 21 to 34 hours and 26 percent working fewer than 20 hours a week).

This is in sharp contrast to the distribution of nonagricultural wage and salary workers overall, among whom 79 percent usually worked full-time in their primary job.

Hours Worked in Low-wage Hourly Jobs*

California, Nonagricultural, 1999



* Primary job among hourly-paid workers with a stated hourly pay rate of \$5.75 per hour or less.

Estimates of Workers Earning the Minimum Wage Or Less in 1999

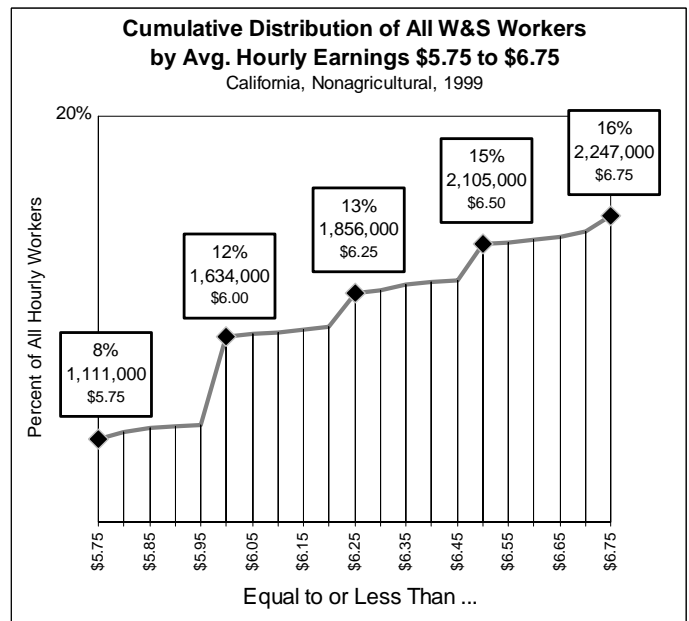
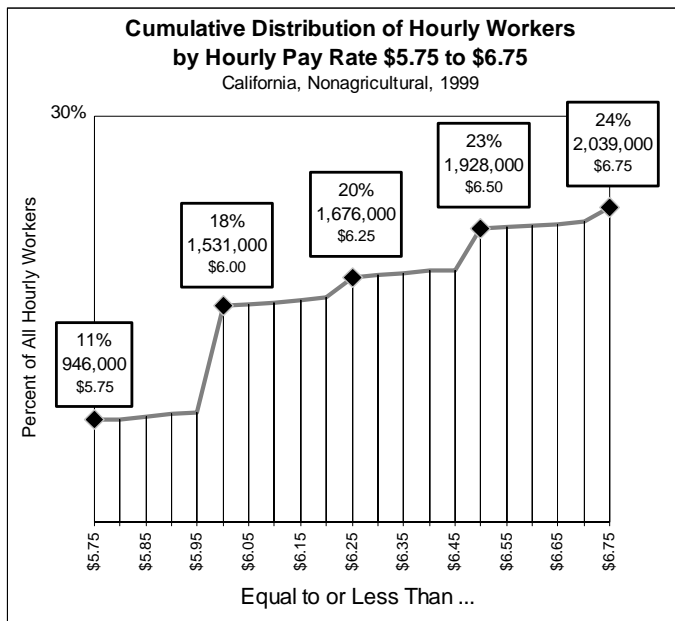
California, Nonagricultural

Wage Range		Hourly Workers		Workers Not Paid by the Hour	All Wage & Salary Workers
		by Stated Hourly Pay Rate (1)	by Imputed Avg. Hourly Earnings (2)		
Number	Total	8,356,000		5,420,000	13,776,000
	\$5.75 or less	946,000	866,000	245,000	1,111,000
	\$5.75 exactly	566,000	412,000	NA	435,000
	Less than \$5.75	380,000	454,000	222,000	676,000
Share of Category	\$5.75 or less	11%	10%	5%	8%
	\$5.75 exactly	7%	5%	NA	3%
	Less than \$5.75	5%	5%	4%	5%

NA indicates estimates are below U.S. Bureau of Labor Statistics publication standards.

(1) Stated hourly pay rate, excluding overtime, tips, and commissions.

(2) Average hourly earnings, including overtime, tips, and commissions, imputed from usual weekly earnings divided by usual weekly hours.



Estimates of Workers Whose Wages May Be Affected by Changes in the Minimum Wage

California, Nonagricultural, 1999

Wage Range	Hourly Workers (1)		All W&S Workers (2)	
	Number	Percent	Number	Percent
Less than \$6.00	981,000	12%	1,188,000	9%
Less than \$6.15	1,548,000	19%	1,654,000	12%
Less than \$6.25	1,575,000	19%	1,691,000	12%
Less than \$6.50	1,716,000	21%	1,933,000	14%
Less than \$6.75	1,964,000	23%	2,182,000	16%

(1) Hourly workers are classified by stated hourly pay rate.

(2) All wage and salary workers (including those paid hourly) are classified by average hourly earnings calculated as usually weekly earnings divided by usual weekly hours.

**Number, Distribution, and Incidence of California Workers
by Demographic Characteristic**

California, Nonagricultural, 1999

Demographic Characteristic	Number			Distribution (1) (Percent of Column Total)			Incidence (2) (Percent of Row Total)		
							Among Hourly Workers	Among All W&S Workers	
	All W&S Workers (3)	Hourly Workers	Low-wage Hourly Workers (4)	All W&S Workers (3)(a)	Hourly Workers (b)	Low-wage Hourly Workers (4)(c)	Low-wage Hourly Workers (4)(d)	Hourly Workers (e)	Low-wage Hourly Workers (4)(f)
TOTAL	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Age									
16-19 years	734,000	678,000	213,000	5%	8%	23%	31%	92%	29%
20-24 years	1,570,000	1,279,000	219,000	11%	15%	23%	17%	82%	14%
25-34 years	3,546,000	2,172,000	210,000	26%	26%	22%	10%	61%	6%
35-44 years	3,844,000	2,147,000	154,000	28%	26%	16%	7%	56%	4%
45-54 years	2,686,000	1,340,000	84,000	19%	16%	9%	6%	50%	3%
55-64 years	1,152,000	595,000	45,000	8%	7%	5%	8%	52%	4%
65 years and older	244,000	144,000	NA	2%	2%	2%	14%	59%	8%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Sex									
Male	7,369,000	4,418,000	428,000	53%	53%	45%	10%	60%	6%
Female	6,407,000	3,938,000	518,000	47%	47%	55%	13%	61%	8%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Race									
White	11,092,000	6,741,000	780,000	81%	81%	82%	(5) 12%	61%	7%
Black	908,000	599,000	51,000	7%	7%	5%	8%	66%	6%
American Indian, Aleut, Eskimo	136,000	96,000	NA	1%	1%	1%	14%	71%	10%
Asian or Pacific Islander	1,641,000	920,000	101,000	12%	11%	11%	11%	56%	6%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Ethnicity									
Hispanic	3,845,000	2,932,000	430,000	28%	35%	45%	15%	76%	11%
Non-Hispanic	9,931,000	5,424,000	515,000	72%	65%	55%	10%	55%	5%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Education									
Less than high school diploma	2,169,000	1,810,000	445,000	16%	22%	47%	25%	83%	21%
High school diploma or GED	3,322,000	2,469,000	244,000	24%	30%	26%	10%	74%	7%
Some college, no degree	3,188,000	2,177,000	182,000	23%	26%	19%	8%	68%	6%
Associate degree	1,225,000	748,000	42,000	9%	9%	4%	6%	61%	3%
Bachelor's degree or higher	3,872,000	1,152,000	NA	28%	14%	4%	3%	30%	1%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Multiple jobs									
Single Jobholder	13,095,000	7,930,000	903,000	95%	95%	95%	11%	61%	7%
Multiple Jobholder	681,000	426,000	43,000	5%	5%	5%	10%	63%	6%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%

NA indicates estimates are below U.S. Bureau of Labor Statistics publication standards.

For "Table Notes," see page 12.

**Number, Distribution, and Incidence of California Workers
by Characteristics of the Work**
California, Nonagricultural, 1999

Characteristic of the Work	Number			Distribution (1) (Percent of Column Total)			Incidence (2) (Percent of Row Total)		
							Among Hourly Workers	Among All W&S Workers	
	All W&S Workers (3)	Hourly Workers (4)	Low-wage Hourly Workers (4)	All W&S Workers (3)(a)	Hourly Workers (b)	Low-wage Hourly Workers (4)(c)	Low-wage Hourly Workers (4)(d)	Hourly Workers (e)	Low-wage Hourly Workers (4)(f)
TOTAL	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Class of Work									
Government Wage & Salary	2,234,000	1,106,000	61,000	16%	13%	6%	5%	50%	3%
Private Wage & Salary	11,543,000	7,249,000	885,000	84%	87%	94%	12%	63%	8%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Major Industry Sector									
Construction	782,000	583,000	NA	6%	7%	2%	4%	75%	3%
Manufacturing	2,159,000	1,309,000	132,000	16%	16%	14%	(5) 10%	61%	6%
Transportation, Communications & Utilities	1,009,000	650,000	NA	7%	8%	3%	4%	64%	2%
Trade	2,947,000	2,171,000	481,000	21%	26%	51%	(6) 22%	74%	16%
Finance, Insurance & Real Estate	882,000	350,000	NA	6%	4%	2%	5%	40%	2%
Services	5,310,000	2,952,000	255,000	39%	35%	27%	(6) 9%	56%	5%
Other Industries	687,000	341,000	NA	5%	4%	2%	4%	50%	2%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Major Occupational Categories									
Manager and Professional Specialty	4,153,000	1,244,000	NA	30%	15%	3%	(6) 2%	30%	1%
Technical, Sales, and Admin. Support	4,264,000	2,767,000	223,000	31%	33%	24%	8%	65%	5%
Service Occupations	1,948,000	1,559,000	434,000	14%	19%	46%	(6) 28%	80%	22%
Precision Production, Craft and Repair	1,415,000	1,103,000	NA	10%	13%	3%	2%	78%	2%
Operators, Fabricators, Laborers and Other Occ.	1,995,000	1,683,000	234,000	14%	20%	25%	14%	84%	12%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%
Usual weekly hours									
Hours vary	439,000	570,000	107,000	3%	7%	11%	(6) 19%	130%	24%
20 hours or less	1,222,000	1,016,000	247,000	9%	12%	26%	24%	83%	20%
21-34 hours	1,139,000	872,000	164,000	8%	10%	17%	19%	77%	14%
35-49 hours	9,395,000	5,501,000	401,000	68%	66%	42%	(6) 7%	59%	4%
50 hours or more	1,582,000	397,000	NA	11%	5%	3%	(6) 6%	25%	2%
Total	13,776,000	8,356,000	946,000	100%	100%	100%	11%	61%	7%

NA indicates estimates are below U.S. Bureau of Labor Statistics publication standards.

For "Table Notes," see page 12.

Data Notes

Source. Characteristics data in this report (that is, ratios of workers by type of pay, hourly pay rate, and demographic group) are from the Current Population Survey (CPS), a monthly survey of households conducted by the U.S. Bureau of the Census for the U.S. Bureau of Labor Statistics (BLS). Estimated percentages were obtained from special tabulations of CPS microdata using the BLS Internet Web site FERRET utility.

Estimates of employment levels were derived by applying characteristic ratios from the CPS to official estimates of California civilian employment (1999 benchmark), which are derived from a BLS regression model.

Concepts. Statistics on the employment status of the population and related data are compiled by BLS using data from the CPS. This survey is conducted through a scientifically selected sample designed to represent the civilian, noninstitutional population. Respondents are interviewed to obtain information about the employment status of each member of the household 16 years of age and over. The inquiry relates to activity or status during the calendar week, Sunday through Saturday, which includes the 12th day of the month. This is known as the "reference week." Actual field interviewing is conducted in the following week, referred to as the "survey week."

Definitions.

- A person is categorized as employed if he or she worked one or more hours for pay or in a family business during the reference week.
- Wage and salary workers are defined by the class of work at the individual's current, primary job. Other possible classes of work are self employment and worker without pay in a family business.
- Individuals holding more than one job are classified according to their primary job, defined as the job in which they worked the most hours during the reference week.
- The stated hourly pay rate excludes overtime, tips and commissions.
- The average hourly earnings include usual non-wage remuneration, including overtime, tips and commissions, and is imputed from data on usual weekly earnings and usual weekly hours. This estimate of hourly earnings has limitations as an estimate of workers earnings in relation to some precise level because it is based on responses to two questions, each of which is subject to incorrect reporting or rounding by respondents. BLS concludes that the resulting estimate of minimum wage workers is likely to be overstated.

Rounding of Estimates. The sums of individual items may not always equal the totals shown in the same tables because of independent rounding of total and components. Percentages were calculated from unrounded data, then rounded to the nearest whole percentage point. Therefore, sums of percent distributions may not always equal 100 percent. Numbers were calculated from unrounded percentages, then rounded to the nearest 1,000.

Accuracy Statement. When a sample rather than the entire population is surveyed, estimates differ from the true population values that they represent. The sample estimate and its standard error can be used to construct approximate confidence intervals, or ranges of values, that include the true population value with known probabilities.

As an illustration of the statistical significance of data presented in this report, at the 90 percent confidence level, low-wage hourly workers in 1999 comprised 11.3 percent of all hourly workers, plus or minus 0.6 percentage point. Other things being equal, confidence intervals are wider around estimated percentages near 50 percent than around percentages nearer 0 or 100 percent.

The 90 percent confidence interval for estimated levels indicate the number of low-wage hourly workers was 946,000 plus or minus 34,000. The 90 percent confidence interval for the number of all low-wage workers, using imputed average hourly earnings was 1,111,000 plus or minus 37,000.

Table Notes

1. These columns are “column-wise” percents which describe the distribution (percent) of workers within the category shown in the column header. For example, 5 percent of all wage and salary workers were aged 16 to 19 years.
 2. These columns are “row-wise” percents which describe the share (percent) of workers within the demographic or economic group shown in the row header. For example, 31 percent of 16 to 19 year-olds paid hourly had an hourly pay rate of the minimum wage or less.
 3. “W&S” is “wage and salary” workers.
 4. Hourly workers with a stated hourly pay rate of \$5.75 per hour or less.
 5. The small difference between the distribution percentage of hourly workers and that of low-wage hourly workers is not statistically significant.
 6. The distribution of all low-wage workers using imputed hourly earnings (not shown) is different from the distribution shown for low-wage hourly workers, and the difference is statistically significant.
 7. The incidence of all low-wage workers using imputed hourly earnings is more than 2 percentage points higher than the incidence shown for low-wage hourly workers, using the stated hourly pay rate.
 8. The incidence of all low-wage workers using imputed hourly earnings is more than 2 percentage points lower than the incidence shown for low-wage hourly workers, using the stated hourly pay rate.
- (a)-(e) The width of the confidence intervals around estimated percentages are as follows. For additional information see “Accuracy Statement” in the **Data Notes** on page 11.

<u>Distribution percentages</u>	<u>+/- percentage point</u>
(a) All W&S Workers	0.2
(b) Hourly Workers	0.3
(b) Low-wage Hourly Workers	
10 percent	1.7
25 percent	2.6
50 percent	2.9
<u>Incidence percentages</u>	<u>+/- percentage point</u>
(d) Low-wage Hourly Workers/Hourly	0.9
(e) Hourly Workers/All W&S	0.8
(f) Low-wage Hourly/All W&S	0.7